



**STATEMENT OF NANDINI NATARAJAN  
CHIEF EXECUTIVE OFFICER-EXECUTIVE DIRECTOR  
CONNECTICUT HOUSING FINANCE AUTHORITY  
ON MARCH 25, 2022**

**TESTIMONY BEFORE THE GOVERNMENT ADMINISTRATION AND ELECTIONS  
COMMITTEE ON RAISED BILL 473  
AN ACT CONCERNING THE STATE CONTRACTING STANDARDS BOARD**

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Senator Flexer, Representative Fox, Senator Sampson, Representative Mastrofrancesco and members of the Government Administration and Elections Committee. I am Nandini Natarajan, the Chief Executive Officer-Executive Director of the Connecticut Housing Finance Authority (CHFA). I am testifying today in *opposition to* Raised Bill No. 473, **AN ACT CONCERNING THE STATE CONTRACTING STANDARDS BOARD**.

The Connecticut Housing Finance Authority (CHFA) was created in 1969 by the State Legislature to help alleviate the shortage of affordable housing for low- and moderate-income persons and families in Connecticut. We are a quasi-public authority that issues our own federally tax-exempt mortgage revenue bonds to finance affordable mortgages for low- and moderate-income, first-time homebuyers and to fund the construction, renovation, and extended affordability of rental apartments.

Raised Bill 473 would subject CHFA's contracting procedures to oversight from the State Contracting Standards Board (SCSB). Subjecting CHFA to the purview of the SCSB would seriously inhibit our ability to operate effectively. Quasi-public housing finance agencies like CHFA were provided increased autonomy outside of the state government to accomplish their public missions more efficiently and flexibly. SCSB oversight of our contracts, which last year numbered over three hundred, runs contrary to that philosophy in that it would delay various projects and transactions. Every delay means that we are hindered in our ability to carry out our mission and that more people will go without affordable housing.

CHFA's Procedures, which were passed by the CHFA Board, require competitive bids for all purchases of goods and services that are fifty thousand dollars or more, unless the purchases fall under an exception such as a sole source purchase. Moreover, CHFA obtains bids for many purchases of goods and services under fifty thousand dollars, even though our Procedures do not require this. Our purchasing processes are closely supervised by management and have been

reviewed for compliance by three separate sets of auditors – CHFA internal auditors, the state auditor, and an external auditor. By subjecting CHFA’s procurement and contracting to the SCSB, as Raised Bill 473 does, CHFA would lose its ability to be nimble and respond quickly in contracting for the goods and services it needs to address the housing needs of low- and moderate-income families in the state. For example, CHFA relies heavily on private single family loan servicers to service single family loans on CHFA's behalf. The number of entities providing that assistance is typically declining, and the contracts can often be terminated with some advance notice. If one or more servicers were to terminate their contracts, CHFA would need to find replacements expeditiously. This bill could severely hamper CHFA in such a situation – to the detriment of the single family homeowners we serve.

Further, CHFA utilizes a variety of specialized, third-party consultants in fulfilling our mission. A critical component of CHFA’s lending success is the use of these consultants in evaluating capital markets, structuring debt issuance, and maintaining housing assets. For example, the Securities and Exchange Commission requires a bond issuer like CHFA to hire a qualified third-party when procuring a derivative instrument such as a swap, which we use to hedge against interest rate hikes and provide below market rates to Connecticut borrowers. In addition, CHFA also utilizes external advisors to fulfill IRS requirements and support the rehabilitation and construction of affordable housing in administering the Low-Income Housing Tax Credit program. For these specific services, there are a limited number of qualified options. Providing the SCSB with the power to review or terminate contracts of these consultants could severely impair our ability to serve Connecticut residents, considering that suitable replacements might not be readily available.

Given our serious concerns with Raised Bill 473, we ask that the committee remove quasi-publics like CHFA from this legislation. Thank you for your time and consideration of our concerns.